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HOTELS, MOTELS & RESORTS

On the brink of a recovery?—pages 51-73

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Carl Karcher (right) displays MUFSO Man-of-the-Year award he received at MUFSO '83 conference last month in Los Angeles. With him are 1982 Man-of-the-Year Norman Brinker (left) and *Nation's Restaurant News* editor Charles Bernstein. For full story, see page 3.

Overextension deplored

MUFSO '83 lesson: Get 'back to basics'

By Charles Forman

LOS ANGELES—The message was clear: You've got to do what you do best.

As recession clouds fade in the face of recovery, top food-service chain executives meeting here last month were seemingly almost united in this view.

Drawing industry chieftains together to express this new back-to-basics outlook was *Nations' Restaurant News'* 24th Annual Multi-Unit Food Service Operators (MUFSO) conference at the Century Plaza Hotel.

When a top Burger King official told hundreds of peers that BK's strategy to expand demand for their products was to refine the BK appeal—that is concentrate on their perceived strengths—heads nodded in every corner and a palpable wave of approval swept the auditorium.

Complete MUFSO '83 coverage, pages 15-46

A record 1,100 registrants crowded into session after session of the Oct. 9-12 meeting to hear the top operators tie their business strategies into the MUFSO '83 theme: Quest for Quality.

They heard speakers from every multiunit segment—fast food, casual theme, white tablecloth, family restaurants, hotels, contract management—follow each other to the rostrum with a message that began to resound like a litany.

The way to quality is to "develop a plan and stick with it," declared John Weaver, W. R.

(Continued on page 142)

T.G.I. Friday's sets accelerated growth plans

By Roman Czajkowsky

DALLAS—Even while a growing chorus of industry experts is warning of rapidly approaching maturation for casual themers, Carlson Companies' just-disclosed plan to spin off its T.G.I. Friday's restaurants subsidiary through a public offering is likely to speed expansion of this specialty restaurant chain.

Ten-year-old Friday's has some impressive numbers going for it that should send investors scrambling to pick up its stock. On a typical investment of $2 million before cost of land, the average Friday's in 1982 raked in $3.6 million, 37% of which came from usually highly profitable beverage sales.

But as the Cassandras see it, the casual theme concepts will soon have to deal with changing consumer preferences and demographics, oversaturation and a need for differentiation from competitors. Perhaps most importantly, though, they'll also have to respond to growing pressures on the beverage side of their businesses—the bread and butter of most casual themers.

Whatever the merits of such views, casual themers for years now have been among the strongest performers of restaurant chain concepts. The combination of "fun" foods, free-flowing booze and atmosphere has allowed the likes of Friday's, Houlihan's and Bennigan's to thrive, especially in secondary markets where their predominantly youthful clientele had not seen the likes of them before.

Unlike most of its competitors, Friday's has kept its corporate strategies and operational results close to the vest, however. But its filing for a public offering allows an unusual glimpse behind the scenes of this trail-blazing chain.

As of early September, the company owned and operated 64 Friday's, six Dalts Restaurants and was test marketing two Fast Friday's fast-food restaurants. In addition, 10 other Friday's were operated under franchise or license agreements.

In fiscal 1982, T.G.I. Friday's had a net income of $9.4 million on revenues of $188 million, compared to the prior year's $6.9 million and $153 million,

(Continued on page 5)

Harvin leaves Church's

By Don Jeffrey

SAN ANTONIO—Roger A. Harvin has resigned as president, chairman and chief executive of Church's Fried Chicken, becoming the third top executive to leave the chain in the past few months.

J. David Bamberger, a former Church's vice president who left 10 years ago and returned this summer to take a vacated seat on the board, was elected chairman and given authority to run the company until a new president is found. The board was said to be "leaning toward an outsider" to take over the 1,490-unit chain.

Observers were surprised by the timing of Harvin's early retirement, coming just weeks after William Storm, chief financial officer, resigned, and a few months after James Parker, chief operating officer, also left the company. They said Harvin's decision to retire before his contract expired in 1985 was linked to Church's disappointing performance in recent years.

Harvin, 50, discounted speculation that he had been at odds with the board over the direction of the company. He said he

(Continued on page 142)

Wendy's rolls out baked potatoes

Approves nationwide breakfast menu

By Joe Edwards

DUBLIN, Ohio—Wendy's has installed ovens in 2,500 domestic restaurants and initially will use them to cook baked potatoes, the chain's surprising new menu item that will be rolled out systemwide by the end of this month.

Meanwhile, the third largest fast-food burger chain finally has approved a nationwide breakfast menu that features four made-to-order omelets.

With ovens in all its kitchens, Wendy's has the capacity to move beyond the traditional boundary of the limited-menu, fast-food segment and strengthen its self-proclaimed position as an adult fast feeder.

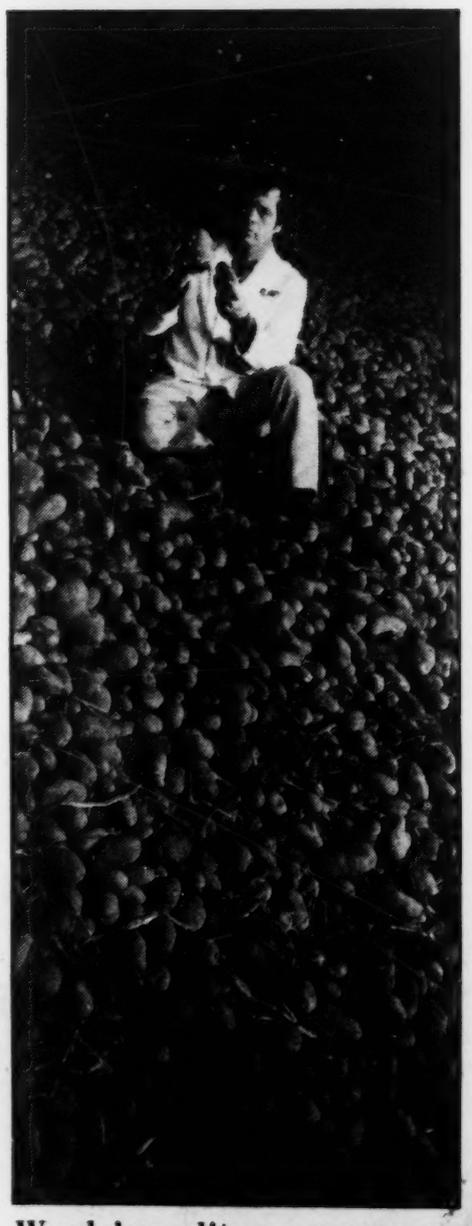
There are no immediate plans to use the ovens for anything besides baking potatoes. At a total cost of $10 million, however, the new equipment undoubtedly will be put to other uses, possibly cooking dinner entrees and fresh biscuits.

"The flexibility of this oven offers us all kinds of opportunities down the road," declared spokesman Denny Lynch. "We certainly will maximize the use of all our restaurant equipment."

Wendy's, whose burger-based menu has been expanded in the last four years to include a taco salad, a large salad bar and chili, already is testing five dinner platters at 11 Cincinnati units. It is also testing premise-made biscuits in the South.

Having ovens systemwide provides Wendy's with the ability to easily expand the dinner test; baked potatoes are an obvious choice for a dinner side dish. In test stores, dinner entrees are now served with french fries and salads.

(Continued on page 142)



Wendy's quality assurance supervisor inspects some of the 225 million potatoes the chain expects to sell annually.

LATE NEWSBREAKS

A McDonald's franchisee, Andres Management Corp., has withdrawn an application to serve wine and beer at a new McDonald's unit in the California Sierras hunting and skiing resort town of Mammoth Lakes. Residents had protested the plans as detrimental to the many high school students who would work there. McD serves wine and beer domestically only at its headquarters Golden Arch unit near Chicago.

Sysco Corp., the Houston-based $2-billion volume food-service distribution company, has acquired two regional competitors, $60 million volume Pegler & Co., Lincoln, Neb., and $50 million volume B. A. Railton, Chicago.

Saga plans to open a new full-service restaurant, catering and take-out concept called Brandi's next to Quality Inns' new all-suite hotels.

FINANCIAL NEWS

Southern Hospitality net up 43% in 1st quarter

NASHVILLE—Southern Hospitality Corp., operator of several restaurant concepts including 25 franchised Wendy's, reported net profit for the first quarter ended Aug. 31 rose 43% to $274,033 compared to the same quarter last year.

Revenues for the quarter increased 46% to $8 million.

Besides its Wendy's, Southern Hospitality operates 12 Mr. Gatti's Pizza Restaurants, five Ireland's Restaurants, and two Tempo's Restaurants, all in the Nashville area.

David McKenzie, vice president of corporate relations, said the company plans to open its first restaurant outside the Nashville area—a tempo's in downtown Memphis—in early November. It also plans to open two more Ireland's and two more Wendy's this fall.

R. Wayne Oldham, chairman, said that $5 million out of a recent $5.9 million stock offering would be used for expansion programs. The remaining $900,000 has been used to pay debts.

Oldham also said that all of Southern Hospitality's concepts contributed to the first-quarter sales and profit increases.

He noted that the Mr. Gatti's units, which were purchased in September 1982, gave $1.4 million of the increased sales. "Even without Mr. Gatti's contribution," he said, "Southern Hospitality's revenues would have been up over 20%."

In other news McKenzie said the company still planned to go ahead with a new concept that combines a convenience store with a gas station and a fast-food unit.

He said a prototype store would probably be built next fall. At present, he added, the company was doing research with focus groups on menu and design. This new concept is part of the company's five-year strategic plan.

Morrison's continues strong showing

MOBILE, Ala.—Morrison Inc. posted a 16% net profit gain to $4.6 million for the first quarter ended Aug. 27, compared to last year's first quarter.

First-quarter revenues rose 10% year to year to $113.2 million.

The 162-unit cafeteria chain also disclosed that it was scaling back its initial plans to build 10 new units this fiscal year. The firm cited "insolvable problems" with several planned sites.

During the first quarter one new cafeteria and a Ruby Tuesday specialty restaurant opened.

Morrison's contract-feeding and food and equipment divisions performed particularly well in the first quarter, the company said.

Food-service chain stock analysis table

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		Two Weeks Ended Oct. 21							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change										Last Fiscal Year (Per Share)		
					Change		52-Week						Last Fiscal Year			5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Indicated Dvd. Rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Long Term Debt	Common Stock Equity	Last Balance Sheet Date
Name	Symbol	High	Low	Close	Amt.	Pct.	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days		Amt.	Pct.				Amt.	Yield		Revenue	Earnings				
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	—	$	%	—	$ Mil.	$ Mil.	—	$	$	—
Acapulco Y Los	ALAR	6.63	6.25	6.25	-.13	-1.96	7.88	5.00	-.13	-.25	-5.15	34.34	.05	.10	N	500.0	-8.0	.3	52.1	.00	.0	01-06-81	37.1	.1	1.4	6.13	2.99	1082
Am Motor Inns	INN	34.75	31.25	31.38	-2.75	-8.06	38.50	21.63	.23	-1.54	1.07	18.68	2.52	.42	F	20.0	53.0	7.9	12.5	.25	.8	08-10-83	175.1	13.9	1.6	15.08	13.00	0782
ARA Services	ARA	52.00	46.00	46.75	-5.50	-10.53	55.00	31.25	-.14	-1.59	-.54	33.42	3.43	.52	N	15.0	-2.0	1.4	11.7	2.05	4.4	11-25-83	2805.6	38.9	1.1	22.39	44.25	0982
Assoc Hosts	AHST	16.00	12.50	12.50	-3.75	-23.08	18.50	3.66	-.55	-4.80	-2.33	3.88	.39	.13	N	30.9	-7.0	2.2	22.7	.12	1.0	07-05-83	78.6	1.7	1.6	4.40	5.05	0982
Beefsteak Char	BCS	5.25	4.63	4.75	-.25	-5.00	9.75	4.50	-1.49	.07	-1.62	-3.75	.88	-.28	N	-35.4	32.0	3.7	9.3	.00	.0	00-00-00	97.1	3.6	1.3	5.92	4.23	1082
Bob Evans Farms	BOBE	24.25	23.25	23.75	-.50	-2.06	26.81	15.31	.13	-.07	-1.73	27.87	.89	.07	Q	8.2	23.0	6.9	25.8	.26	1.1	09-19-83	187.5	13.0	3.0	.00	5.54	0483
Bonanza Intl Inc	BNZA	6.63	6.13	6.25	.13	2.04	7.38	1.88	-.33	-.83	.92	-45.12	.11	3.06	S	NE	-85.0	3.1	31.3	.00	.0	00-00-00	16.1	.5	1.6	9.70	1.67	1282
Brock Hotel Cp	BHC	7.25	6.00	6.13	-.88	-12.50	12.75	6.00	-.89	-2.48	-2.73	16.96	.55	-.97	N	-118.2	-6.0	2.8	NE	.10	1.6	09-27-83	255.6	7.1	1.1	16.64	4.38	1282
Calny Food	CLNY	15.25	14.00	14.25	.25	1.79	17.25	6.66	-.14	-1.26	-.27	-33.26	.80	.11	S	15.0	8.0	4.6	17.0	.20	1.4	07-27-83	30.2	1.4	.4	3.71	2.24	0283
Captain Crabs	CRAB	7.13	6.63	7.13	.13	1.79	8.38	1.38	-.62	2.54	-2.70	32.26	.00	.00	F	NC	NC	.0	NE	.00	.0	00-00-00	1.5	.0	7.0	.04	.22	0882
Carrols Cp	CRL	10.38	9.63	9.63	-.50	-4.94	11.88	2.84	-.59	-.38	-1.07	16.31	.50	.28	F	127.2	437.0	3.6	19.3	.06	.6	08-29-83	85.2	3.1	.6	3.28	2.00	0582
Chart House	CHHO	23.69	20.75	21.00	-2.19	-9.43	25.19	13.75	-.37	-2.37	-4.86	-3.28	1.39	.05	N	3.5	15.0	4.9	14.5	.40	1.9	10-18-83	382.0	18.7	1.0	6.14	8.75	1282
Chi-Chis	CHIC	29.00	23.75	25.13	-2.75	-9.87	29.00	10.50	.23	.11	1.84	6.07	.39	.23	Q	104.5	454.0	9.4	55.8	.00	.0	09-28-83	94.2	8.9	2.6	1.87	1.62	0483
Ch Full O Nut	CHF	20.88	19.25	19.50	-1.25	-6.02	24.38	12.50	.01	-.05	-1.04	22.85	.64	.23	F	56.0	-3.0	2.9	30.5	.50	2.6	07-15-83	111.6	3.2	3.1	.43	5.97	0782
Churchs Fr Ch	CHU	27.38	24.75	26.88	1.75	6.97	33.50	21.84	.50	1.91	-6.31	-25.52	2.19	-.27	N	-11.8	11.0	10.1	13.4	.72	2.7	10-24-83	413.1	41.6	1.8	.62	11.74	1282
Cindys Inc	CNDYC	3.63	3.00	3.00	-.63	-17.24	4.00	3.00	-.85	-.91	-4.00	14.80	.13	.46	S	NE	87.0	2.1	10.3	.00	.0	00-00-00	14.3	.3	.0	4.63	.43	1282
Collins Foods	CF	18.75	17.50	17.63	-.50	-2.76	19.84	11.44	-.07	-.56	-.89	22.06	1.47	.32	Q	26.0	29.0	3.8	11.4	.20	1.1	09-23-83	324.4	12.4	1.8	4.14	8.71	0483
Consul Corp	CNSL	18.25	16.00	16.63	-1.38	-7.64	18.75	8.38	-.28	-1.47	.19	22.78	.26	.33	Q	NE	133.0	2.5	53.6	.00	.0	00-00-00	32.0	.8	5.0	1.08	5.67	0583
Cracker Barrel	CBRL	25.50	24.25	25.00	.25	1.01	27.34	9.50	.52	.00	3.70	-25.25	.86	.17	F	24.6	29.0	4.4	29.1	.14	.6	08-30-83	45.7	2.0	1.9	3.57	4.46	0782
Dennys Inc	DEN	36.25	34.75	35.00	-.25	-.71	36.88	27.13	.66	-.03	-1.91	-25.89	2.54	.14	F	5.8	11.0	3.8	13.8	.72	2.1	09-02-83	1054.6	40.2	1.7	17.92	17.17	0683
Dunkin Donuts	DUNK	24.88	24.63	24.75	-.13	-.50	28.75	14.84	.09	.70	.94	2.62	1.40	.22	N	16.2	25.0	9.4	15.8	.28	1.1	08-15-83	71.3	6.7	1.2	12.87	15.97	1082
Frischs	FRS	30.50	27.63	30.13	2.63	9.55	30.50	10.34	.81	.69	3.14	-34.68	1.92	.48	Q	28.0	24.0	3.7	13.8	.40	1.3	09-28-83	110.6	4.1	1.3	5.95	15.14	0583
Godfathers Pizza	GFPZ	19.25	16.50	17.13	-1.88	-9.87	25.50	13.75	-.41	-2.70	-2.61	55.00	.65	-.01	S	-1.5	115.0	15.8	26.8	.00	.0	00-00-00	37.9	6.0	2.1	.55	1.99	1282
Hamburg Hamlet	HAMB	10.50	10.25	10.25	-.25	-2.38	12.00	5.75	-.44	-.12	-8.27	50.00	-1.10	-2.45	F	-181.4	-22.0	-2.4	NE	.00	.0	00-00-00	34.0	-.8	1.0	20.86	11.96	0383
Hilton Hotels	HLT	54.75	50.50	54.00	2.25	4.35	60.25	40.13	-.28	.88	3.70	-13.85	3.04	.37	N	10.5	12.0	14.4	13.9	1.80	3.3	08-29-83	562.9	81.3	2.0	6.73	21.31	1282
Holiday Inns	HIA	55.13	51.13	51.25	-3.38	-6.18	59.00	31.00	-.13	-.05	-1.44	7.83	2.50	.16	S	5.8	13.0	6.8	17.7	.84	1.6	09-12-83	1425.3	97.2	.9	11.74	25.35	1282
Horn & Hardart	HOR	28.88	25.25	25.25	-3.75	-12.93	32.34	12.75	-.19	-2.35	-3.46	-7.46	.74	.37	S	62.7	952.0	2.8	26.3	.00	.0	07-12-83	235.4	6.6	1.1	9.46	4.77	1282
Hungry Tiger	HTIG	9,38	9.00	9.00	-.75	-7.69	12.25	6.34	-.42	.90	-2.86	12.94	.00	-.78	F	-100.0	-9.0	.0	NE	.00	.0	11-15-82	63.8	.0	.6	4.91	5.57	0882
Imperial Grp	IMT	1.94	1.81	1.81	-.13	-6.45	2.06	1.56	.31	.35	4.10	13.55	.47	-.10	S	-17.2	6.0	2.6	3.8	.11	6.1	09-27-83	7742.8	198.3	1.1	.54	1.92	1082
Intl Dairy Queen	INDQ	36.00	36.00	36.00	.00	.00	40.00	19.50	.21	.59	-7.92	.00	2.17	.81	N	39.3	64.0	6.3	12.5	.00	.0	00-00-00	98.6	6.2	1.1	11.23	6.32	1182
Int King Tab	IKNG	23.00	19.50	20.50	-2.00	-8.89	23.00	3.16	.06	.23	1.92	-10.16	.92	.86	Q	296.5	369.0	4.8	17.8	.00	.0	08-15-83	50.0	2.4	.4	5.16	3.18	0683
JBs Rest	JBBB	14.88	13.25	13.75	-.75	-5.17	18.13	8.13	-.72	-.91	-2.49	29.35	.93	.21	N	25.3	12.0	3.5	13.2	.20	1.5	08-08-83	45.1	1.6	.9	6.38	5.84	0982
Jerrico Inc	JERR	19.75	19.00	19.75	.25	1.28	23.50	16.75	-.16	.52	.02	-16.44	1.33	-.07	F	-5.0	27.0	4.6	14.8	.12	.6	08-18-83	452.1	21.0	1.8	5.03	10.28	0683
Kapok Cp	KPK	6.25	5.13	6.13	.88	16.67	10.75	3.25	-1.42	2.02	3.14	-41.46	-.37	-.54	N	NE	-52.0	-6.1	NE	.00	.0	00-00-00	11.4	-.7	2.5	1.36	5.45	0982
Keily-Johnston	KEJO	17.50	13.88	13.88	-3.38	-19.57	18.75	9.59	-.51	-1.28	5.84	-1.88	.40	.09	Q	27.2	57.0	6.3	33.0	.00	.0	10-13-82	38.0	2.4	4.0	3.29	4.41	0383
Karcher Carl	CARL	43.75	34.25	35.00	-6.00	-14.63	43.75	13.69	.82	-3.40	2.87	-17.81	1.32	.34	S	28.5	23.0	4.0	22.9	.00	.0	02-16-83	231.0	9.3	2.4	8.31	8.13	0183
Lubys Cafe	LUB	34.25	33.38	34.25	.75	2.24	35.00	23.50	.09	.84	.49	14.77	1.35	.18	N	13.8	30.0	9.1	23.1	.60	1.8	09-02-83	127.3	11.6	1.9	.64	6.79	0682
Marcus Corp	MRCS	14.88	14.13	14.13	.25	1.80	15.13	7.25	.26	-.59	-3.98	-18.66	1.28	.24	Q	21.0	7.0	6.1	10.2	.25	1.8	07-01-83	108.9	6.6	1.2	2.72	11.07	0583
Marriott Corp	MHS	73.75	68.75	69.00	-4.63	-6.28	81.00	49.63	-.34	-.49	-.35	25.59	3.44	.58	N	17.3	36.0	3.7	17.6	.36	.5	09-19-83	2541.4	94.3	.9	33.49	19.43	1282
McDonalds Cp	MCD	67.63	65.50	67.13	-.13	-.19	74.50	53.63	.22	.86	-1.89	.56	5.00	.63	S	13.4	23.0	11.1	12.7	1.00	1.5	07-15-83	2715.2	300.6	.5	17.62	25.51	1282
Morrison Inc	MORR	20.75	19.75	20.75	1.00	5.06	21.06	13.69	.16	.78	-.25	-29.10	1.34	.21	Q	17.9	14.0	4.5	15.0	.40	1.9	10-07-83	416.4	18.7	1.5	2.39	8.57	0583
Mr Steak	MSST	9.50	8.63	8.75	-.75	-7.89	10.50	2.13	-.35	-1.05	-3.87	28.44	-.98	-.17	N	NE	-38.0	-2.7	NE	.00	.0	05-29-80	59.8	-1.6	1.1	4.26	3.76	0982
Nathans	NATH	3.63	3.13	3.13	.00	.00	3.63	1.00	.84	-3.14	-.46	-23.85	.09	.06	F	200.0	34.0	1.1	34.7	.00	.0	09-09-83	17.5	.2	.8	.05	1.79	0383
Naugles Inc	NAUG	18.00	15.00	16.00	-2.25	-12.33	32.75	14.50	-1.01	-.04	-1.23	-5.83	.70	.11	F	18.6	162.0	3.6	22.9	.00	.0	11-01-82	86.7	3.1	.4	8.04	2.73	0682
Oakbrook Cons	OKCO	16.00	16.00	16.00	-.50	-3.03	18.50	14.00	-.01	.59	.62	.00	.69	-.81	N	-90.0	-10.0	.4	177.8	.32	2.0	06-09-83	143.6	.6	.6	3.82	13.85	0982
Orange-co	OJ	7.38	5.50	7.00	1.38	24.44	7.88	4.38	.71	1.77	10.01	-27.78	-.25	-.41	N	-273.3	17.0	-.8	NE	.00	.0	02-22-82	74.0	-.6	1.3	13.28	4.63	0882
Peoples Rest	PEPL	11.25	8.75	8.75	-2.50	-22.22	15.13	5.75	-1.05	-1.56	.87	-48.45	.28	.09	F	47.3	771.0	7.0	31.3	.00	.0	00-00-00	27.3	1.9	.5	.75	2.39	0682
Piccadilly Caf	PICC	15.38	14.50	14.75	.13	.85	18.13	12.75	.43	-.40	-1.84	-14.42	.99	-.49	Q	-35.5	3.0	3.9	16.6	.60	4.1	09-09-83	152.7	6.0	1.9	.00	7.29	0682
Pizza Inn	PZA	15.13	12.25	14.63	2.00	15.84	17.50	5.22	.19	.46	3.58	9.22	.55	.44	S	97.7	5.0	1.3	16.4	.04	.3	07-12-83	135.1	1.7	.9	12.32	6.63	1282
Pizza Time Thea	CHKY	10.25	7.00	8.50	-1.50	-15.00	26.00	7.00	-2.25	.44	6.45	-3.77	1.27	-1.68	N	-150.0	242.0	7.6	NE	.00	.0	00-00-00	99.3	7.5	1.2	5.53	9.23	1282
Ponderosa Sys	PON	23.00	18.00	18.25	-2.75	-13.10	25.25	15.00	.21	-3.89	-.83	38.04	1.50	.13	S	9.1	-3.0	2.8	11.8	.33	1.8	09-21-83	376.7	10.4	.8	8.03	12.43	0283
Ramada Inns	RAM	10.88	9.63	9.88	-.63	-5.95	11.88	4.88	.17	-.87	-.77	-8.43	-.73	-.45	S	NE	-38.0	-3.6	NE	.00	.0	10-19-81	547.5	-19.8	.6	18.50	5.12	1282
Restaur Assc	RA	8.50	7.50	7.75	-.25	-3.13	11.38	4.38	-.56	-.12	1.25	.00	.77	.06	S	9.2	40.0	1.8	10.9	.00	.0	00-00-00	104.8	1.9	1.0	3.98	7.15	1282
Ryans Fam Steak	RYAN	26.50	22.50	22.50	-3.25	-12.62	28.25	4.75	-.23	-2.76	.01	-48.55	.33	.13	N	40.6	97.0	10.6	50.0	.00	.0	04-20-83	9.4	1.0	3.1	.34	1.61	1282
Saga Corp	SGA	35.75	29.50	31.00	-4.75	-13.29	40.25	17.31	-.20	-.56	1.46	16.03	2.10	.49	Q	28.9	73.0	2.3	14.2	.36	1.2	08-15-83	978.8	22.4	.9	4.65	10.62	0683
Sandwich Chef	SHEF	13.50	11.00	11.25	-2.25	-16.67	15.50	11.00	-.58	-3.21	4.73	-40.16	.70	-.17	Q	-21.5	19.0	4.5	18.1	.00	.0	00-00-00	20.2	.9	.6	.50	3.42	0682
Sea Galley	SEAG	11.50	10.88	11.00	-.25	-2.22	15.00	5.50	.03	-.06	-1.58	-18.73	.02	-.93	S	-152.4	-15.0	-.6	NE	.00	.0	06-02-81	70.1	-.4	1.3	5.10	4.90	1282
Servico Inc	SRVI	15.00	14.50	14.50	-.75	-4.92	17.94	8.88	-.34	-.23	-3.41	1.89	.67	-.40	S	-41.6	27.0	1.5	25.9	.00	.0	09-09-83	138.1	2.1	1.1	5.31	5.64	1282
Shoneys Inc	SHON	23.00	21.00	23.00	1.75	8.24	27.38	17.44	-.18	1.58	3.64	-6.99	.86	.26	N	35.6	26.0	5.1	23.2	.15	.7	10-03-83	324.9	16.6	1.0	2.65	5.02	1082
Sizzler Rest Intl	SIZZ	13.00	12.00	12.25	-.25	-2.00	16.25	8.50	.09	1.00	5.00	-8.14	1.01	1.09	Q	NC	18.0	4.5	11.2	.00	.0	00-00-00	128.0	5.8	1.0	2.33	4.63	0482
Skippers	SKIP	11.25	9.50	9.75	-1.50	-13.33	15.50	4.16	-.94	-.88	.25	-5.15	.48	.45	N	121.6	18.0	2.6	11.9	.08	.8	03-31-83	38.1	1.0	.5	3.38	6.69	1282
Sonesta Hotel	SNSTA	22.00	22.00	22.00	.00	.00	22.00	18.00	.25	.58	-4.02	.00	.37	-.18	S	-20.9	-1.0	.9	32.4	.26	1.2	10-05-83	80.1	.7	1.1	34.95	12.68	1282
So Hospitality	SHOS	5.25	4.88	4.88	-.25	-4.88	7.50	2.00	.15	.06	-1.63	5.02	.27	.09	Q	42.8	102.0	3.8	16.3	.00	.0	00-00-00	26.3	1.0	.8	4.32	.24	0583
Steak n Shake	STAK	7.00	6.75	6.88	-.13	-1.79	9.25	2.63	-.79	.59	-.30	11.11	.18	.15	N	166.6	-12.0	1.4	28.6	.00	.0	05-17-79	57.2	.8	1.1	4.94	2.76	0982
Victoria Stations	VSTA	8.25	7.50	7.75	-.50	-6.06	13.63	5.00	-.47	.04	-7.27	-33.63	-2.39	-2.25	S	NE	-82.0	-7.1	NE	.00	.0	09-19-79	111.9	-8.0	.6	8.39	8.51	0383
Wendys Intl	WEN	18.00	16.50	17.63	.88	5.22	19.63	13.00	.48	1.10	.49	18.07	1.13	.15	S	14.2	22.0	7.3	14.7	.24	1.4	08-08-83	604.3	44.1	.8	2.53	6.50	1282
Webb Del E	WBB	19.88	18.00	18.25	-1.50	-7.59	25.00	7.75	-.03	-.37	-3.48	-9.93	.16	.38	S	NE	-23.0	.5	608.3	.00	.0	11-07-80	311.2	1.5	.9	11.32	13.71	1282
Western Steer	WSMP	13.00	13.00	13.00	.00	.00	17.50	8.25	-.13	.58	-4.27	22.84	.92	-.13	S	-11.8	6.0	3.1	13.4	.16	1.2	08-29-83	28.8	.9	1.3	6.21	7.23	0283
Winners Cp	WNER	13.50	12.63	13.00	.38	2.97	17.13	10.03	-.29	-.19	-3.76	-30.56	.63	.01	S	1.6	11.0	2.6	21.3	.00	.0	03-10-83	83.1	2.2	.5	7.06	6.43	1282

KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

EARNINGS REPORT

Company	Period	Period Ended	Total Sales*	% Change	Revenues*†	% Change	Net Income (Loss)*	% Change
Carrols Corp.	3 mos.	8/31	$ 32.5	46.0			$ 1.800	30.0
I.D.Q.	3 mos.	8/26			$ 37.7	16.0	3.390	13.0
	9 mos.				93.2	17.0	6.200	17.0
Luby's Cafeterias	3 mos.	8/31			39.4	12.0	3.900	17.0
	12 mos.		144.1	12.0			13.900	20.0
Morrison Inc.	3 mos.	8/27			113.2	10.0	4.60	16.0
Southern Hosp.	3 mos.	8/31			8.0	46.0	0.274	43.0
Victoria Station	3 mos.	9/18	23.1	(6.0)			(1.060)	—
	6 mos.		47.7	(9.0)			(1.700)	—

Source: *Company earnings reports*

—loss in corresponding period
**In millions*
†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.

Carrols net increases; moves listing to NYSE

SYRACUSE—Carrols Corp., a 102-unit Burger King franchisee, posted a 30% net profit gain to $1.8 million for the first quarter ended Aug. 31 compared to last year's first quarter. Sales rose 46% to $32.5 million.

In addition the company has moved its stock listing from the American Stock Exchange to the New York Stock Exchange, a milestone in the life of any company.

Carrols' financial advances were attributed to its Burger King operations where sales advanced 20% year to year while customer counts rose 16%.

"The introduction of salad bars, successful promotions and lower commodity costs all attributed to real gains," said chairman Herbert Slotnick.

Results were also affected by the inclusion of Jo Ann's Nut House, a recently acquired retailer, and the fact that this quarter was one week longer than last year's 13 weeks.

Carrols Corp., which until recently had been known as Carrols Development Corp., had been listed on the American Exchange since 1977. The company went public over the counter in 1969.

It has about 6.2 million shares outstanding priced at about $10 to $11 each. Carrols' ticker symbol is CRL.

Public offering kicks off Friday's spin-off

(Continued from page 1)

respectively. For the first nine months of this year, net income was $7.9 million, up from $6.8 million; revenues rose to $153 million from $121 million.

Even so, Friday's seems to have lost some of its sales momentum.

According to company records, the most recent nine-month total sales increase resulted mostly from the opening of 14 new restaurants between September 1982 and August of this year. Sales for the 44 Friday's open at January 1982 actually declined slightly over that period, from $106.7 million to $106.0 million, despite price hikes for food and beverage items.

At the same time, Friday's beverage sales continued their decline as a percentage of total sales.

In 1978 beverage sales accounted for 41% of a typical unit's total gross; by 1981 they were 38%, and dropped to 37% last year.

If the company's reports are any yardstick, Friday's doesn't mind the decline all that much, however. While acknowledging that "a substantial number of customers visit Friday's primarily for its alcoholic beverages and atmosphere," management "believes that although such beverage service contributes to the overall success of a restaurant, attention to the quality of food and service increases repeat customer business and lessens volume fluctuations associated with trends in bar popularity."

This philosophy would seem to be in line with some industry leaders' view that the casual theme segment will have to start de-emphasizing liquor sales, even if such a move were to affect, at least initially, a restaurant's overall profitability.

They are reasoning that the generation that initially fueled the popularity of such drink-and-atmosphere concepts is maturing, and increasingly looking for a *dining* experience as well. For another thing, they foresee growing pressure on restaurateurs to monitor their customers' drink consumption because of increased publicity concerning alcohol-related accidents.

Friday's' claim that it's paying careful attention to "quality of food and service" also reflects the view of casual themers espoused at this year's MUFSO conference by Kenneth D. Hill, president of Houlihan's parent, Gilbert/Robinson. According to Hill, "chain-operated, table-service restaurant companies have not proven that they have the staying power of many individual restaurateurs. The public has become fickle, and what is in today I predict will be out tomorrow."

Friday's is one of the few restaurant chains to eschew commercial advertising.

According to a company statement, Friday's believes that "although advertising may bring customers to a restaurant for a brief period of time, long-term customer loyalty is best achieved through the maintenance of restaurant quality consistent with the company's standards."

But Friday's is not above employing gimmicks to attain this customer loyalty. Special T-shirts and other clothing bearing Friday's or Dalts logos are often offered for sale to customers; on other occasions, restaurants feature special music, costumes and other in-house promotions—all merchandising efforts seen at other casual theme concepts as well.

Friday's operating standards are said to be tightly controlled at all levels. They are the responsibility of a senior vice president of operations and regional vp's—one each for the East, Southeast, Midwest and West. In addition, regional managers supervise a maximum of six restaurants each.

Friday's restaurants—which seat an average of 232 persons in their dining areas and another 40 at the bar—employ a general manager, two or more assistant managers and a kitchen manager. Regardless of prior experience, all managers must spend between 11 and 14 weeks in formal instruction and on-the-job training; each trainee's program, however, is individually tailored based on his or her past experience.

Although the Carlson subsidiary appears to be moving toward further expansion of its Dalts concept—the Fast Friday's are still being evaluated—much of the company's future growth is likely to come from its Friday's restaurants.

Franchisees may open another nine Friday's because of existing franchise agreements; the company itself expects to open another 20 to 25 next year.

Many of these markets, the company believes, will also be able to support both a Friday's and Dalts in close proximity. First opened in 1980, Dalts are patterned after a 1940's-style neighborhood bar and grill, and are smaller than Friday's restaurants, with an average seating capacity of 167 and an additional 37 at the bar.

In fiscal 1982 the typical Dalts grossed $2.1 million, up from $1.5 million the year before; for the first nine months of this year, sales were $1.4 million; average checks per dining patrons were $6 to $7. (By contrast, the average dining patron check at a Friday's was $8 to $9 in 1982.)

Friday's says the capital for developing new restaurants will come from internally generated funds, landlord contributions—most restaurants are constructed according to build-to-suit operating leases—other sources and proceeds from the public offering.

Friday's projects it will get up to $20 a share in the offering, for a total of up to $90 million. Of the net proceeds, $42 million will be used to repay bank debts incurred to pay a dividend to Carlson, a privately held conglomerate that also owns the Country Kitchen restaurant chain; other funds will be used to repurchase common stock from Carlson, and $33 million will be retained by Friday's.

But despite the public offering, Carlson will retain full control of Friday's, thus precluding any takeover attempts. Carlson will control 60% of the company's outstanding shares, have 90% of the total number of votes to elect the board of directors and control 75% of the vote on all other matters.

KFC's Mayer calls for return to limited menus

LOS ANGELES—After a decade or so of rolling out numerous new menu items, fast-food chains need to return to their original limited menu philosophies, according to Richard Mayer, chairman and chief executive of Kentucky Fried Chicken.

Diversified menus only serve to blur a chain's image, increase labor and training costs, slow customer service, boost inventory expense, and lower product cost eficiency, Mayer told a MUFSO breakfast audience here last month.

Mayer invoked the memory of the late Col. Harland Sanders, KFC's founder, who "hated new products and fought against menu expansion as long as he lived."

Other giants of the fast-food industry, according to Mayer, "have had a lifelong and unshakable belief in the limited menu and the simplicity of operations as the keys to success in the business."

"Ray Kroc preached menu simplicity as long as he was active in McDonald's management," Mayer said. "As did Bill Church, both while he was chairman of Church's, and since. Dave Thomas, many say, was such a strong believer in a limited menu that he stepped aside at Wendy's rather than be an active participant in that

Richard Mayer

chain's menu expansion program."

Mayer also expressed the belief that consumers "make a common sense connection" between menu simplicity and quality of both products and service."

There are signs in the fast-food industry that menu diversification does not work and some chains are already going back to basics, including a return to their original product line, according to Mayer.

KFC, which diversified into barbecued ribs in the mid-1970's, with near disastrous results, now emphasizes its chicken-only menu with a few side dishes and soft drinks.

Burger King, Mayer pointed out, after diversifying into specialty sandwiches, has put the emphasis back on hamburgers with its "battle of the burgers" advertising campaign.

"It's their awareness of a need to get back to basics, to the product that made them what they are," Mayer said.

He also noted that Pizza Hut, "after much talk a year or so ago about Italian dinner entrees and even a breakfast test, has now returned to a sharp focus on pizza, a quicker service 'personal' pan pizza.

In years to come, Mayer predicted, the industry will be headed in this "around-the-circle, back-to-basics quest for quality direction."

At KFC, Mayer said, the limited menu philosophy is supported by an overall back-to-basics strategy that emphasizes quality at all levels of the operation.

The strategy has "worked so well, in fact, that our performance over the last five years has been the best in KFC's history and among the best in our industry," he said.

Fast-food chains that are publicly owned are under tremendous pressure from Wall Street analysts to post quarterly earnings increases, Mayer noted.

"In an effort to continue an unreasonable rate of earnings increases, [some chains have been] lured by the siren song of menu diversification into a complexity of operations which is simply incompatible with what quick-service restaurants are all about," Mayer said.

Analysts' recommendations can affect a company's stock prices, he noted, "so you can understand why corporate executives pay close attention to the feelings, attitudes and suggestions of security analysts."

Menu diversification in the past has been seen as a way of boosting flat sales and earnings, resulting in "burger places selling veal parmigiana, pizza places selling pasta dinners, fish places selling salad bars, and so on and on," Mayer said.

In most cases, he added, chains enjoy a brief period of customer count increases followed by the appearance of new problems.

KFC's unhappy experience with a ribs rollout in the mid-1970's was a case in point, Mayer recalled. "We got the sales stimulant we expected, but along with the sales came greater investment, greater operating complexity and cost, slower service, and less attention to chicken quality."

When the "ribs sales bubble burst, all we had left were problems," Mayer said.